

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of California-American Water Company (U210W) for Authority to Modify Conservation and Rationing Rules, Rate Design, and Other Related Issues for the Monterey District.

Application 15-07-019
(Filed July 14, 2015)

**NOTICE OF EX PARTE COMMUNICATION
OF CALIFORNIA WATER ASSOCIATION**

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, California Water Association ("CWA") hereby gives notice of three ex parte communications relating to the above-captioned proceeding, which occurred on July 20 and July 21, 2016, as follows:

- On July 20, 2016, CWA Regulatory Counsel Mari Davidson of Nossaman LLP and CWA Regulatory Committee Member Francis S. Ferraro, met in person with Jennifer Kalafut, Advisor to Commissioner Carla J. Peterman. The meeting took place beginning at 11:00 a.m. and lasted for approximately 30 minutes.
- On July 20, 2016, CWA Regulatory Counsel Mari Davidson of Nossaman LLP and CWA Regulatory Committee Member Francis S. Ferraro, met in person with Elizabeth Podolinsky, Advisor to Commissioner Michael J. Picker. The meeting took place beginning at 11:30 a.m. and lasted for approximately 30 minutes.
- On July 21, 2016, CWA Executive Director, John K. Hawks, CWA Regulatory Counsel Mari Davidson of Nossaman LLP, and CWA Regulatory Committee Member Francis S. Ferraro, met in person with Charlyn Hook, Advisor to Commissioner Michel P. Florio. The meeting took place beginning at 2:30 p.m. and lasted for approximately 30 minutes.

The meetings took place in the Commission's offices at 505 Van Ness Avenue, San Francisco, California, and consisted of oral communications. CWA representatives explained that CWA became a party to the proceeding in order to address certain issues of industry-wide significance, namely: (1) ORA's proposed disallowance of \$17.4 million of the historical WRAM balance sought to be recovered by the Applicant, California-American Water Company

(“California American Water”); and (2) ORA’s proposal that no interest be allowed to accrue during recovery of California American Water’s WRAM balance.

CWA responded to certain of the claims made by ORA in support of its recommendations by noting: (a) the inappropriateness of disallowing recovery of revenues accurately tracked in the WRAM in light of the fact that those revenues were already authorized by the Commission in a previous proceeding – in this case, California American Water’s prior general rate case; (b) the unreasonableness of imposing a de facto earnings test in order for a utility to be eligible for interest on WRAM balances during recovery; and (c) that interest should compensate for delay in recovery, rather than “risk” related to recovery, as ORA suggests.

CWA representatives explained that, in CWA’s view, adoption of ORA’s proposals would be contrary to the Commission’s long-standing cost-recovery policies, undermine the financial community’s confidence in the CPUC’s regulatory policies and impair the Commission’s conservation objectives.

CWA representatives also briefly discussed CWA’s understanding of California American Water’s position regarding the alleged “mismanagement” of the allotment system, but emphasized that CWA did not speak for California American Water on this or other issues not specifically identified by CWA as subjects of industry-wide concern.

Respectfully submitted,
NOSSAMAN LLP

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